

January 20, 2006

Amy E. Dougherty, Esq.
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

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COMMISSION

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GENERAL COUNSEL
PSO

Re: Application for Approval of Transfer, Case No. 2005-00534

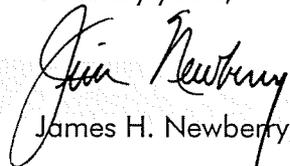
Dear Amy:

As we discussed by phone last Friday, we determined last week that certain aspects of the financing arrangement in the transaction referenced above will necessitate a review by the Commission pursuant to KRS 278.300. In light of that information, we are preparing an amended and restated application which will address all of the issues previously raised in our application and which will also address the issues relating to the review under KRS 278.300.

We now anticipate filing that amended and restated application next week. We expect to file direct testimony as soon thereafter as possible. In light of that timetable, we propose that the schedule discussed at the January 4 Informal Conference be disregarded by all parties and that a new Informal Conference be conducted following the filing of the amended application. By proceeding in that fashion, we believe the parties will be better able to assess the nature of the issues and the approximate time at which a hearing and the intermediate procedural steps should be taken.

Please advise us if the foregoing approach is satisfactory. We appreciate your cooperation.

Sincerely yours,


James H. Newberry, Jr.

JHN/sc

cc: Stephen B. Rowell, Esq.
Dennis Howard, Esq.
David Barberie, Esq.
Doug Brent, Esq.
Jonathan Amlung, Esq.
John Selent, Esq.